

Message Text

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ACTION EUR-12

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C O N F I D E N T I A L ANKARA 4566

E.O. 11652: GDS
TAGS: EFIN, ENRG, TU
SUBJECT: MOBIL DISPUTE WITH GOT: RECENT EDITORIAL COMMENT

REF: ANKARA 4483

SUMMARY: MOBIL OIL COMPANY DISPUTE WITH TURKISH MINISTRY OF
ENERGY HAS RECEIVED PROMINENT ATTENTION IN TURKISH PRESS
OVER LAST FEW DAYS. RANGE OF OPINION EXPRESSED RUNS GAMUT
FROM CONDEMNATION OF FOREIGN COMPANIES AS MOCKERS OF TURKISH
STATE TO FULL SUPPORT OF ATAS SHAREHOLDERS' POSITION.
WEIGHT OF OPINION, HOWEVER, SEEMS TO FAVOR "NATIONALIZATION".
END SUMMARY

1. UGUR MUMCU, WRITING IN CUMHURIYET (LEFTIST, ANTI-US-RPP),
COMMENTS THAT THE OWNERS OF THE ATAS REFINERY ARE OPENLY
MOCKING THE TURKISH STATE, "A STATE WHICH HAD FORMED A GREAT
EMPIRE IN THE PAST", IN THEIR RESPONSE TO THE GOVERNMENT'S
REQUIREMENT THEY OPERATE THE INSTALLATION AT FULL CAPACITY.
HE ACCUSES REFINERY MANAGEMENT OF ONLY RETURNING TO FULL
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CAPACITY AS THE END OF THE NINETY-DAY PERIOD OF WARNING
APPROACHED, AND THEN AGAIN REDUCING THROUGHOUT SHORTLY AFTER
NOMINALLY FULFILLING GOVERNMENT'S REQUIREMENT. HE CHALLENGES
GOVERNMENT TO PROVE ITS NATIONALISM BY TAKING ACTION AGAINST
THE FOREIGN COMPANIES INVOLVED, DESCRIBING ATAS AS THE
"LABORATORY" WHICH WILL DETERMINE WHO IS NATIONALIST AND WHO
IS NOT, AND CONCLUDING THAT IF "FOREIGN COMPANIES ARE NOT

GIVEN A LESSON TO REMEMBER, WE MUST ALL FEEL SHAME".

2. AT THE OTHER END OF THE EDITORIAL SPECTRUM--AND WITH CONSIDERABLY GREATER COGENCY--NAZLI ILICAK IN TERCUMAN (CONSERVATIVE - JP) WRITES THE FOLLOWING DAY THAT THE BASIS OF THE ATAS DISPUTE IS RIVALRY WITHIN THE RPP ITSELF: "BAYKAL (MINISTER OF ENERGY) DREAMS OF THE SEAT OF CHAIRMAN OF THE RPP". ILICAK ARGUES THAT BAYKAL'S INTENTION TO CANCEL COMPANIES' OPERATING PERMIT, IF CARRIED OUT, WOULD DAMAGE WESTERN CONFIDENCE IN TURKEY, RECENTLY SO EFFECTIVELY ENHANCED BY PRIME MINISTER ECEVIT'S U.S. AND EUROPEAN VISITS, WOULD IMPEDE EFFORTS TO OBTAIN ADDITIONAL CREDITS FROM INTERNATIONAL BANKING COMMUNITY, AND COULD RESULT IN A "PETROLEUM EMBARGO" BEING PLACED ON TURKEY. HE POINTS OUT THAT PRODUCTION CUTS HAVE BEEN THE RESULT OF FACTORS OVER WHICH FOREIGN COMPANIES HAD NO REAL CONTROL--TURKISH FAILURE TO TRANSFER FOREIGN EXCHANGE IN PAYMENT FOR PREVIOUS SHIPMENTS AND A STRIKE ON BATMAN-DORTYOL PIPELINE. HE WARNS OF DANGERS OF RESORTING TO THE EASTERN BLOC FOR ENERGY SUPPLIES, AND ACCUSES BAYKAL OF NOT SEEKING TO ADVANCE TURKISH INDEPENDENCE BUT OF WANTING TO EQUAL ECEVIT'S REPUTATION AS "VICTOR OF CYPRUS" WITH A VICTORY FOR HIMSELF.

3. SOME PLACE IN BETWEEN, TEOMAN EREL IN GUNAYDIN (OFTEN SENSATIONAL - INDEPENDENT) ON JUNE 15 ARGUES THAT BOTH ECEVIT AND BAYKAL FACE DIFFICULT DECISIONS. ECEVIT CANNOT CONFIDENTIAL

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APPEAR TO BOW TO DEMANDS OF FOREIGN COMPANIES BUT CANNOT CARRY OUT NATIONALIZATION ACTION WITHOUT CAUSING REACTION ABROAD. BAYKAL, ON OTHER HAND, MUST ACT WITH DETERMINATION AS THE TURKISH GOVERNMENT IS HARD-PRESSED FOR FOREIGN EXCHANGE AND CANNOT GIVE ATAS SHAREHOLDERS WHAT THEY DEMAND. THE WRITER NEVERTHELESS COMES DOWN, IF RELUCTANTLY, ON THE SIDE OF A TAKEOVER OF THE REFINERY IF ATAS FAILS TO COME TO TERMS.

4. MEANWHILE, CHAIRMAN OF PETROL-IS, LABOR UNION WHICH STRUCK BATMAN REFINERY AND ASSOCIATED FACILITIES, ARGUED FOR NATIONALIZATION ON OCCASION OF SETTLEMENT OF 33-DAY STRIKE ON JUNE 18. HE REPORTEDLY SAID FOREIGN COMPANIES WOULD NOT OPERATE "FOR THE GOOD OF TURKEY" AND URGED NATIONALIZATION OF ATAS REFINERY. SPEAKING ON SAME OCCASION, MINISTER OF ENERGY BAYKAL REMARKED AMBIGUOUSLY THAT TURKEY COULD NOT GIVE CONCESSIONS ON THE SUBJECT OF PETROLEUM AND THAT THE ATAS PROBLEM WOULD BE SOLVED "THROUGH OPPORTUNITIES CREATED BY LEGAL MEANS".

5. COMMENT: MOBIL'S DISPUTE WITH MINISTRY OF ENERGY PROMISES TO BE A BRUISING AFFAIR UNLESS DECISIVE ACTION IS TAKEN BY THE PRIME MINISTER TO HEAD BAYKAL OFF. THE LATTER IS

APPARENTLY DETERMINED TO IMPOSE HIS WILL ON THE COMPANIES,
MOBIL IN PARTICULAR, SINCE IT HOLDS A MAJORITY SHARE OF ATAS,
WHILE MOBIL'S MANAGEMENT SHOWS NO LESS DETERMINATION TO REGULARIZE
THE FINANCIAL PROBLEMS WITH WHICH ITS ATAS OPERATION HAS BEEN
PLAGUED FOR SEVERAL YEARS. THE TURKISH SIDE COULD NOT HAVE
CHOSEN A MORE INAPPROPRIATE TIME TO DIG ITS HEELS IN, BECAUSE
OF THE RATHER SENSITIVE (TO SAY THE LEAST) NATURE OF TURKISH
INTERNATIONAL FINANCIAL RELATIONS AT THE PRESENT MOMENT.
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